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FOREIGN AGRICULTURE

November 2, 1970



U.S. Farm Exports Up EC's Tobacco CAP

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VIII • No. 44 • November 2, 1970

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U.S. cigarette tobacco is facing strong price competition under the EC's new tobacco policy.

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Use of funds for printing *Foreign Agriculture* has
been approved by the Director of the Bureau of the
Budget (May 1, 1969). Yearly subscription rate,
\$10.00 domestic, \$13.00 foreign; single copies 20
cents. Order from Superintendent of Documents,
Government Printing Office, Washington, D.C. 20402.

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left, ships, boats, barges, and cranes
crowd Rotterdam harbor, the Netherlands, a major
port for U.S. agricultural exports entering Europe.
Right, nonfat dry milk being loaded at Duluth, Minn.,
for its trip to one of the developing countries of the world.

First Quarter U.S. Farm Exports Set Record

By DEWAIN H. RAHE
*Foreign Development and
Trade Division, ERS*

U.S. agricultural exports in the first quarter of fiscal year 1971 totaled \$1,648 million in July-September 1970, nearly one-fifth above the \$1,410 million for the same quarter in 1969. The recordbreaking first quarter pace is an acceleration of the 16 percent advance in agricultural exports in fiscal year 1970 when they totaled \$6,646 million—the third highest on record and only 2 percent below the previous peak of \$6,771 million in fiscal year 1967.

Soybean exports were nearly double those of a year earlier and accounted for much of the overall gain. Wheat grains' value was up two-fifths and contributed significantly to the increase in the period. Other gains occurred for soybean meal, fruits and vegetables, dairy products, lard, tallow, and soybean oil. Offsetting the gains somewhat were declines in exports of cotton, tobacco, hides, pork, and rice.

Nonagricultural exports were about 7 percent above the \$7,891 million in July-September 1969.

Exports of soybeans leaped to 84 million bushels in July-September 1970 from only 44 million in 1969. Both Japan and Western Europe took more U.S. soybeans during the first quarter of 1970 than in the same period last year. Japan's purchases of 25 million bushels were one half above a year earlier. European Community purchases of 24 million bushels were up sharply from the 10 million in 1969.

Strengthening U.S. soybean exports in the first quarter of 1970-71 were in-

creased livestock production, reduced grain prospects and higher prices of grains and grain byproducts, and little increase in competition from other major oilseed and meal exporting countries. Furthermore, the European Community continues to use a high proportion of soybean meal in mixed feeds. Exports of soybean meal totaling 1.0 million tons were about two-fifths larger than a year earlier.

A 45-million-bushel increase in wheat sales accounted for most of the 11-percent overall increase in exports of grains and preparations in July-September. Wheat exports of nearly 154 million bushels were about two-fifths greater than the 109 million bushels of a year earlier. Substantial quantities of U.S. wheat moved to Japan, Korea, Taiwan, India, the European Community, the United Kingdom, Venezuela, the Philippines, Brazil, Israel, Turkey, Colombia, and Nigeria.

Feedgrain exports of 5.7 million metric tons in July-September 1970 were up slightly from those for the same months a year earlier. Japan remained the top market for U.S. feedgrains, purchasing a total of 2.0 million tons in July-September. Other principal feedgrain outlets were the Netherlands, France, Mexico, Italy, and Canada.

Rice exports were about 19 percent below the 9 million bags exported in July-September 1969, because of reduced commercial sales to the European Community and other developed countries that were importers last year.

Higher prices for tallow and lard contributed somewhat to the 13-percent value increase in exports of animals and products. Nonfat dry milk exports

(Continued on page 20)



European Community's Common Tobacco Policy May Hamper U.S. Trade

By HUGH C. KIGER
Tobacco Division, FAS

The European Community, or Common Market, is the largest tobacco market in the world. It is also the largest for U.S. tobacco, taking nearly a third of U.S. exports of all types of leaf in 1969. Thus U.S. tobacco growers and exporters have a vital stake in developments affecting the EC tobacco market.

This year, after more than 3 years of argument among the EC Member States, a common agricultural policy for tobacco has finally come into being. Included under the CAP roof are a number of policies that will affect the level of U.S. tobacco trade with the Common Market: A leaf tobacco marketing order (the basic CAP); continuation of the tobacco monopolies in Italy and France; and the possibility of discriminatory excise taxes on quality cigarettes through tax harmonization. In related action, the Council extended duty preferences to a number of associated countries and territories.

The CAP and the EC market

In the short run, it is the leaf tobacco CAP that will most adversely affect U.S. tobacco trade. Hallmarks of this group of regulations are these: Guaranteed high prices, with no automatic production controls; a lucrative buyer's premium for purchasers of EC leaf; and provisions for granting an export subsidy and for limiting imports by a safeguard clause. These regulations, which tend to insulate the EC market from world tobacco price levels, will have a significant bearing on EC tobacco production and consumption, and consequently on the level and pattern of world tobacco trade.

At present, annual leaf tobacco consumption in the EC is over 900 million pounds, of which about two-thirds is imported, representing about a third of total Free World tobacco trade. The United States is the major supplier, providing about a third of all leaf imported from outside the EC. Greece and Turkey, the other major suppliers, are Associate EC Members, not subject to the common external tariff.

The Community produces about a third of its annual leaf requirements. In 1969 its total production, about 300 million pounds, was broken down as follows among five of six countries: Italy 56 percent, France 37, Germany 6, Belgium-Luxembourg 1. To date, intra-EC trade in tobacco has been small in 1969, for example, it was only 31 million pounds.

What led up to the CAP

As a result of the Kennedy Round negotiations under the General Agreement on Tariffs and Trade in 1967, the EC agreed to reduce its common external tariff on tobacco over a 5-year period, by lowering the ad valorem duty from 28 percent to 23, the minimum duty from 13.2 cents per pound to 12.7, and the maximum duty from 17.2 cents per pound to 15. (These latter rates will become fully effective Jan. 1, 1972.) With this duty structure and no impairment of the concessions, the United States could hold its own in the EC market.

Over 3 years ago, however, the EC Commission submitted to the Council of Ministers a draft proposal for a common agricultural policy for tobacco that could change the EC tobacco trade pattern substantially. Because the Community's Member States have widely divergent tobacco trade interests, it took much bickering and wrangling be-



Right, women transplant seedlings of tobacco to thoroughly prepared field in Greece. After transplanting, the seedlings are watered. (Photo from Hellenic Tobacco Board.)

fore the Council approved the CAP framework in February and the basic leaf CAP and other details in April. Since then, some implementing regulations have been adopted, effective July 28 and applicable to the 1970 crop.

The following are the component parts of the leaf tobacco marketing order, or basic leaf tobacco CAP:

- Guaranteed high prices. Standard (or target) prices and intervention (or guaranteed minimum) prices—which are 10 percent lower—have been approved on raw leaf tobacco for the 1970 crop (see table on p. 6). These prices apply to selected qualities of 19 EC tobacco varieties. An estimated 20 to 60 percent of the normal crop of these varieties meets the quality criteria.

Intervention prices are at or above

average 1967-69 EC producer prices—especially for Italian varieties, which the Italians succeeded in getting the Council to raise above those proposed by the Commission. Standard prices are 11 to 24 percent above the average.

It is assumed that most growers will contract with purchasers for sale of their eligible tobacco at a price near the standard price. The buyer's premium which purchasers of eligible EC leaf will receive will probably make this possible. However, if an EC grower does not find a direct purchaser for his eligible tobacco, the Community will purchase it, through designated intervention agencies which will pay him the intervention price. Baled (processed) tobacco will also be given the benefit of intervention prices, adjusted for weight loss and processing costs.

This means that the grower will get

at least the intervention price for the portion of his crop that meets the quality requirements; and for most of this, he will get the standard price.

● **Nonautomatic production controls.** When certain conditions prevail, the Commission must propose certain production control measures to the Council, which must consider them but is not required to impose them. First, if intervention agencies purchase more than a certain percentage and volume of the crop of a tobacco variety or variety group, the Council *may* reduce the intervention price of the variety or exclude it from intervention. These percentages are high, varying from 20 percent to 35 percent—the higher percentage applying to Italian varieties. Second, if EC production of all varieties is more than 20 percent above the average for the 3 preceding crop years, the Council *may* reduce the standard price—including the buyer's premium—for those varieties whose production increased most.

The effectiveness of the measures is questionable, since no provision is made for imposing them automatically, even at these generous percentages. Thus, it would be difficult for the Council to overcome the strong opposition of the major EC producer—Italy—to production control, no matter how thoroughly the conditions stated above were met.

● **Buyer's premium.** This is a subsidy given to induce the purchase of eligible EC leaf by enhancing its price advantage over leaf from non-EC sources. The premium is designed so as to insure that EC growers receive the standard price, while purchasers can buy EC leaf for a net price at or below the cost of "comparable" imported tobacco. It is estimated that a purchaser of EC leaf in 1970 can expect to pay at least 30 percent less than in 1969.

In calculating the premium, the c.i.f. price of "comparable" imported tobacco plus duty is called the "conventional cost of baled tobacco." The difference between this and the EC leaf tobacco price, converted into the standard price of EC baled tobacco by allowing for weight loss and initial processing costs, is the buyer's premium. Reconverted into a premium for leaf tobacco (farm weight equivalent), this ranges between 20 and 73 percent of the standard price, depending on variety. With EC standard prices among the world's highest, the EC has obviously selected ex-

tremely low-priced imported tobacco as "comparable" tobacco, to maximize the buyer's premium.

To illustrate the effect of the buyer's premium on the prices EC purchasers will have to pay for burley tobacco: the price of U.S. burley to EC purchasers, in the absence of the CAP, would exceed Italian burley prices by 28 cents per pound—a margin that can be considered competitive. However, under the CAP, this price margin becomes 52 cents. "Comparable" burley such as Greek burley, in the absence of the CAP, would sell for about 24 cents per pound less than Italian burley. With the CAP, the "comparable" burley will sell at about the same price as Italian. Thus the buyer's premium, which provides a large discount to purchasers of EC tobacco, will no doubt stimulate demand for that tobacco.

● **Export subsidy, safeguard clause.** The CAP provides for an export subsidy, to the extent necessary to permit exports of EC leaf. It may be granted to cover the difference between Community and world market prices and may vary by destination, based on average third-country offer prices.

The order also contains an escape clause which permits "safeguard measures" to be taken if imports or exports upset or threaten to upset the EC market. "Appropriate measures"—not defined—may be applied to trade with third countries until the disturbance or threat has disappeared. In the absence of effective production controls, the safeguard clause could be used to restrict imports and thus avoid a possible marketing surplus of EC leaf.

At press time, no details were yet available on details of implementing regulations for the export subsidy and the safeguard clause.

Other trade-restrictive policies

Two other potentially trade-restrictive policies within the overall CAP still remain to be implemented. The first concerns tobacco monopolies in Italy and France. The Council resolution providing that exclusive right of importation and wholesale marketing must be abolished by January 1, 1976, represents little reform in monopoly operations, for as long as the monopolies can license retailers and thus control retail trade, access for non-EC tobacco products will remain limited.

The second is tax harmonization, which for the excise tax on cigarettes

During the processing of Belgium tobacco, 100 women sort tobacco leaves that are then stringed and hang up to cure.



is to be implemented by stages, with the final stage beginning on January 1, 1980. This regulation will provide for a specific (or fixed) element and a proportional (or ad valorem) element. The impact on leaf tobacco trade with non-EC countries will depend upon which element finally predominates. If a system is adopted in which the proportional element is predominant, the spread in retail prices—especially in the large German market, which has had a specific tax—will be widened and sales of high-quality products made from U.S. tobacco would decline.

Preferential arrangements

Not a part of the CAP but also having trade-restrictive effects is the EC policy on duty preferences. The Community now grants 100-percent preference to tobacco imported from the Associated African and Malagasy States, the Overseas Countries and Territories, and the East African countries (Tanzania, Kenya, and Uganda). As Associate EC Members, Greece and Turkey were already getting duty-free treatment for their tobacco exports to the Community.

This very considerable preference gives a strong incentive for increased production in all these countries. In Greece, for example, it has helped stimulate the production of burley tobacco. Greek exports of burley to the EC,

negligible in 1960, exceeded 10 million pounds last year. The other areas, too, can be expected to expand tobacco production in an effort to capture a larger share of the EC market at the expense of the United States and other third countries.

Implications for U.S. tobacco

Recently, EC tobacco consumption has been increasing at an average rate of about 3.5 percent per year. With population growth and good economic conditions, this market can be expected to continue expanding in the period ahead. What will be the U.S. chance of maintaining or expanding sales to it?

An estimated two-thirds of EC leaf requirements are consumed as cigarettes. Output in 1969 (in billion pieces) was: West Germany 119, France 70, Italy 60, the Netherlands 19, Belgium-Luxembourg 18, for a total of 286.

Most German cigarettes are made from light tobaccos; most French and Italian ones, from dark tobaccos; the Benelux countries use substantial quantities of both. The United States exports both light and dark tobaccos to the EC (totaling about 181 million pounds in 1969); but over half these shipments go to West Germany, and this is mostly flue-cured and burley.

The tobacco CAP, designed to assure for eligible EC leaf a high standard

price in relation to both prices of recent EC crops and prices in other countries, will stimulate EC production. Under similar conditions the Philippine Republic too stimulated production, and it now has a surplus with no apparent outlet. The United States had to adopt both acreage and poundage controls for flue-cured tobacco in order to limit production effectively.

The impact of the leaf tobacco CAP on U.S. exports cannot yet be fully ascertained. However, U.S. tobacco shipments to the EC, which totaled 124 million pounds during January-August 1969, declined to 94 million for the comparable months this year—almost 25 percent. A number of factors are responsible for this decline, including the availability of additional competitive leaf. But the buying policies of EC purchasers, as influenced by the leaf tobacco CAP adopted during the period, are very likely one cause.

The tobacco CAP and GATT

What can be done to resolve this serious threat to our tobacco trade with the EC? One possible answer is through GATT. Under GATT terms, the leaf tobacco CAP is trade restrictive. According to U.S. lawyers, the buyer's premium feature of this regulation is in violation of Article III of the GATT because of implied discrimination against imports of the same or like products. Because buyer's premiums promote the sale of indigenous products at the expense of imports, they will impair the value of concessions granted by the EC under the Dillon and Kennedy Rounds of trade negotiations.

Specifically (par. 4) Article III states: "the products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favorable than that accorded to like products of national origin in respect to all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use."

Since the EC is our No. 1 tobacco market, continued access there is vitally important to all segments of the U.S. tobacco trade. A further cause for concern is that if the United Kingdom, Norway, Denmark, Ireland, and other European countries join the Common Market, the outlets for about three-fourths of our world tobacco trade are at stake.

EC TOBACCO PRICES UNDER THE NEW CAP,
COMPARED WITH 1967-69 AVERAGE PRICES

Variety and country	1970 crop					Average price 1967-69
	Standard price	Inter- vention price	Buyer's premium			
			Amount	Percent of standard price		
	Cents per lb.	Cents per lb.	Cents per lb.	Percent	Cents per lb.	
Germany:						
1. Badischer Geudertheimer (cigar) ...	82.8	74.5	57.5	69	74.5	
2. Badischer Burley E (burley)	100.0	90.0	54.5	55	90.0	
3. Virgin SCR (flue-cured)	92.4	83.2	44.3	48	83.2	
France:						
4. Paraguay Dragon Vert (air-cured)	63.5	57.2	43.3	68	57.7	
5. Nijkerk (dark air)	67.1	60.4	45.0	67	60.9	
6. Burley (burley and Bel)	77.5	69.7	32.2	42	70.5	
7. Misionero (dark air)	58.2	52.4	41.0	71	52.3	
8. Philippin Petit Grammont (dark air)	46.8	42.1	27.5	59	38.6	
Belgium:						
9. Semois (dark air)	55.5	49.9	33.7	61	45.8	
Italy:						
10. Bright (flue-cured)	75.5	68.0	33.8	45	60.8	
11. Burley-Maryland (burley)	64.8	58.3	30.5	47	52.1	
12. Kentucky Moro di Cori (fire-cured)	62.7	56.5	17.5	28	50.5	
13. Nostrano (dark air)	62.4	56.1	45.3	73	50.3	
14. Beneventano (dark air)	49.5	44.6	30.8	62	39.8	
15. Xanti-Yakà (oriental)	96.6	86.9	54.1	56	77.9	
16. Perustitza (oriental)	88.8	79.9	51.3	58	71.6	
17. Erzegovina (semioriental)	79.5	71.5	48.6	61	64.1	
18. Round Tip Scafati (Sumatra, cigar)	404.4	364.0	226.5	56	330.9	
19. Brasile Selvaggio (dark air)	40.0	36.0	8.0	20	32.7	

II. how their domestic operations compare



Transferring wheat from elevator to ship, Baltimore, Md.

By ANDREW B. BELLINGHAM
Grain and Feed Division, FAS

(This is the second article in a series which details how Canada, Australia, Argentina, and the United States market their wheat. The first article dealt with the organization and structural setting of the market, and their price support systems. *Foreign Agriculture*, Oct. 12, 1970.)

Although many similarities exist in the domestic handling of wheat in the four nations, there is one basic difference. In Canada and Australia, all wheat is pooled. (A marketing pool exists when producers accumulate their wheat and market it through a central sales organization.) This allows for equal sharing of costs and returns on the marketing of an entire season's crop, depending on delivery point.

In the United States and Argentina, cooperative marketing is similar in a limited respect but producers selling wheat receive the prevailing market price at time of delivery.

The Canadian Wheat Board (CWB), through its delivery-quota system and the issuance of permit books, controls the off-farm flow of all wheat. All farmers are issued permit books allowing them to deliver their wheat to designated elevators, either cooperative or

private, as the producer chooses.

Beginning with the 1970-71 season, the producer may choose two delivery points—a primary one and an alternate—both being in the province and in the area designated by the CWB.

An initial quota and subsequent general quotas—which came about as storage space allowed—were used through the 1969-70 crop year; and with the implementation of "Operation Lift" (an acronym for "Lower Inventory For Tomorrow") in 1970-71, producers are given a delivery quota based on their reduction of wheat acreage and their increases in summer fallow and perennial forage acreages. Delivery quotas depend on needs of port positions.

The initial payment to Canadian producers is paid on deliveries according to an established grade-discount scale and includes freight and handling deductions which vary according to delivery point. Upon delivery, farmers are given certificates for any further payments derived from the pool.

Apart from sales between farmers within the same province the CWB controls all domestic sales of Prairie wheat from country to terminal or port positions. Futures trading in wheat on the Winnipeg Grain Exchange was stopped during World War II. Until August 1, 1969, basic selling prices announced by the CWB each day applied to all sales

whether for domestic or export use. Since that date a minimum guaranteed sales price of Can\$1.955 has been in effect for all sales on the domestic market. (The present par value is Can\$1.00 = US\$0.988.) The adoption of this system means that even when world prices fall to a lower level, wheat producers still have a guaranteed return of Can\$1.955 on the approximately 60 million bushels per year consumed domestically.

In Australia, where wheat is pooled as in Canada (most of the crop is delivered to facilities owned by the Wheat Board or by Bulk Handling Authorities (BHA). The AWB allows some wheat to be delivered directly to mills, grain merchants, or to other licensed receivers.

The initial payment, with freight and handling charges deducted according to original delivery point, is made on the delivery of quota wheat. Since 1957-58, the initial payment has been A\$1.10 per bushel for FAQ wheat, f.o.r. (free on rail) at ports. (Par value is A\$1.11 = US\$1.00.) Before establishment of the quota system, which began with the 1969-70 crop year, producers received the initial payment on any amount delivered. Presently, nonquota wheat does not receive the initial payment until all quota wheat has been handled. Until 1968-69, a premium of about A\$0.03 to A\$0.04 per bushel was paid on the

delivery of bagged wheat.

Beginning in December 1969, in order to help assure satisfactory implementation of the new quota system, the AWB began to sell wheat to stock feeders at A\$1.50 per bushel, or at A\$1.435—the same price paid by starch manufacturers—if the feeder buys all requirements to November 1970 from the AWB.

The AWB maintains separate pools for premium wheats in New South Wales, South Australia, and Victoria. Flour millers in New South Wales and West Australia also buy premium wheats under separate arrangements. The State Wheat Board in Queensland controls premium payments in Queensland, acting as an agent of the AWB. Premiums paid vary according to protein content and these have ranged up to as much as A\$0.20 to A\$0.25 per bushel, although in most cases they average from A\$0.05 to A\$0.10 per bushel. Australia's two-price system also incorporates a home consumption price. The AWB sells wheat for domestic human consumption at A\$1.725.

Argentine producers deliver their wheat—at their own discretion—either to private or cooperative buyers, or to the Grain Board (AGB). Wheat is collected by private merchants or cooperatives—who pay the market price—and is consigned to brokers or commission men in the major markets. In most cases, export firms purchase grain at major markets such as Buenos Aires, although in some cases they may purchase directly from large producers.

Sales to the Argentine Grain Board go through similar channels: from country merchant or cooperative, to broker

or commission man, to the Board. The support price is based on wheat at Buenos Aires with discounts applied to interior delivery points.

If farmers deliver to the Grain Board, they are paid 90 percent of the support price within 10 working days of delivery and the balance within 90 days. Prior to the 1969-70 crop year the policy had been to pay 70 percent on delivery and the balance in 90 days. The movement from country point to port or terminal position is determined by the market's needs and is comparatively free from the Grain Board's influence.

In Argentina, the Buenos Aires cash market is the most important, generally setting the price levels for other markets. The futures market in Buenos Aires historically has been of only limited value for determining deferred cash values because of high inflation and a fluctuating exchange rate. With more stability since 1968, future trading levels have become more important.

During crop years 1966-67 through 1969-70, when minimum trading prices were about 10 to 15 percent below the support prices, farmers were often willing to sell at levels below the support to get full cash payment. With the adoption of a single support price in 1970-71, which is also the minimum trading price (excluding discounts by brokers and commission men), domestic trading levels should be above the support level of US\$1.87 per 100 pounds.

The U.S. producer is also free to market his grain as he chooses, delivering it either to privately or cooperatively owned facilities. He may sell his grain and receive the market price or he may

store it for his own account. If the producer has complied with Government regulations, he is eligible to participate in the Government loan program and to receive the support price. He may later redeem the wheat which serves as collateral for the loan by repaying the principal plus interest prior to the maturity date. If he chooses to default, the Commodity Credit Corporation assumes ownership. In this event, the collateral wheat fully satisfies the loan regardless of the market price level.

The movement of wheat from the farm to terminals and ports is guided by market needs. U.S. cash and futures markets fluctuate freely and trading prices may be below the support price.

Just as there is a difference in the procedure by which wheat reaches its ultimate customer in the four countries, there is also a difference in the ownership of the means of transporting and of storing it. In Australia and Argentina, storage facilities are centrally controlled; in Canada and the United States virtually all storage space is privately or cooperatively owned.

Canada has the greatest amount of on-farm storage because the delivery-quota system forces farmers to hold stocks for delivery late in the season, or even into a subsequent season. In Argentina and Australia, where farmers have been able to deliver unlimited quantities to the Board, there is very little on-farm storage.

Railroads are the main means of long haul transport of wheat in every country except Argentina. Railroads are Government controlled in Australia and Argentina, and Government regulated in the United States. Of the two railroads in Canada, one is privately owned while the other is Government controlled. Trucking and water transport facilities are in private hands in all four of the countries concerned.

The cost of moving wheat from the interior collection point to port positions varies greatly between Canada and the United States. Comparison of U.S. and Canadian rail export rates shows the Canadian rates to be considerably lower.

The Canadian Wheat Board owns no storage facilities. The Canadian Government owns five terminals and one port facility—at Prince Rupert in British Columbia. These represent only about 2 percent of the total off-farm storage capacity in Canada. As of December 1, 1969, there were 4,985 public country elevators in Canada with 397.3 million

Portable elevator moves wheat from underground silo, Argentina.



OFF-FARM STORAGE CAPACITY FOR GRAIN AND OILSEEDS

Producing nation	Country storage	Mill storage	Terminal storage	Port storage	Total	Average grain and oilseed production ¹	Off-farm storage as percent of production
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Percent
Canada (Aug. 1968)	447.4	9.3	163.2	132.6	752.5	1,513	49.7
Australia (Dec. 1969)	545.6	16.2	—	130.0	691.8	588	117.7
Argentina (1969)	129.4	—	—	119.6	249.0	922	27.0
United States (July 1970)	2,912.8	—	1,877.8	(²)	³ 4,790.6	9,258	51.7

¹ For crop years 1967-68 to 1969-70. ² Port facilities are included with terminal facility total. ³ Licensed storage.

bushels capacity. The Saskatchewan Wheat Pool was the largest operator—1,235 facilities with 93.5 million bushels of storage capacity.

Following in descending order were Federal Grain Ltd. with 1,106 storage units having a capacity of 78.0 million bushels, and the United Grain Growers Ltd.—821 elevators, 65.6 million bushels. The 11 largest firms in Canada own all but 34 of the country elevators. Of the port facilities, the majority are in Ontario (16, 54.4 million bushels) and Quebec (11, 69.9 million bushels).

The CWB annually negotiates agreements which set handling and storage costs to enable it to use privately and cooperatively owned elevators. For the 1970-71 crop year, handling charges are the same as in 1969-70: Can \$0.0575 per bushel for wheat and barley, Can\$0.045 per bushel for oats. Storage charges are 1/30 of a Canadian cent per day per bushel.

In 1969-70 a block system was introduced in Canada to increase efficiency in movement of grain to export posi-

tions. Instead of 2,000 points of origin, there are now 50 blocks. Computers and unit trains are also being used. Grain movement coordinators have been appointed for both the Lakehead and Vancouver areas with powers to allocate equipment.

In Australia, either the AWB or Bulk Handling Authorities own all off-farm storage facilities except a small number of mills. On November 30, 1969, the AWB owned about 13 percent of the country's elevators; Bulk Handling Authorities owned the rest. Port facilities are also divided between the two: 30 percent is owned by AWB, and 70 percent by BHA. Off-farm storage capacity in Australia is about 691.8 million bushels of which storage for 16.2 million is at mills, 546.6 million at rural locations, and 130.0 million at port areas.

The Argentine National Grain Board owns and operates all port elevators and the majority of all off-farm storage. Of a total storage capacity in 1969 of about 338.4 million bushels, 89.4 million bushels was on-farm storage. Of a total off-

farm storage capacity of 249.0 million bushels, 160.9 million bushels (or 65 percent) is owned by the National Grain Board. Of this, capacity totaling 41.3 million bushels is at country points; 119.6 million bushels at port positions. Private owners control rural facilities totaling some 177.5 million bushels.

In the United States, the Government, through the CCC, owns storage facilities totaling 382.5 million bushels, all in the form of binsites at country locations. This is about 8 percent of the country's licensed storage capacity of 4,790.6 million bushels, which is in turn about 90 percent of the country's total commercial storage. Country elevator storage represents about 61 percent of the nearly 5 billion bushels total; port and terminal facilities make up the remainder.

The CCC rents space as necessary at all locations and pays a standard carrying charge on wheat of \$0.015 per bushel per month. The CCC pays elevators \$0.015 per bushel to handle wheat incoming by rail or water, \$0.025 for grain outgoing by truck, rail, or barge.

WHEAT EXPORT RAIL RATES IN CANADA AND THE UNITED STATES

Canadian ports			U.S. ports					
From ↓	To →		From ↓	To →				
	Vancouver, British Columbia			Duluth, Minn., Superior, Wis.		Portland, Oreg.	Stockton, Calif.	Galveston, Tex.
	Port Arthur, Ontario							Chicago, Ill.
Winnipeg, Manitoba:			Glasgow, Mont.:					
Distance	in miles	424	Distance	in miles	780	1,120	—	—
Rate	Can \$ per bu.	.084	Rate	US \$ per bu.	.495	.654	—	—
Moose Jaw, Saskatchewan:			Shelby, Mont.:					
Distance	in miles	822	Distance	in miles	1,037	939	—	—
Rate	Can \$ per bu.	.12	Rate	US \$ per bu.	.543	.45	—	—
Saskatoon, Saskatchewan:			Fargo, N. Dak.:					
Distance	in miles	904	Distance	in miles	252	—	—	—
Rate	Can \$ per bu.	.132	Rate	US \$ per bu.	.18	—	—	—
Calgary, Alberta:			Goodland, Kans.:					
Distance	in miles	1,247	Distance	in miles	—	—	1,100	935
Rate	Can \$ per bu.	.156	Rate	US \$ per bu.	—	—	.51	.384
								.432

By GEORGE CAVIN
Plant Protection Division, ARS

The desert locust, a persistent menace which has eaten its way into the annals of agricultural history, may now be facing a long string of lean years.

The grasshopper like locusts which threatened East Africa last year were turned back almost solely by the efforts of man and his technology; and today, modern control and detection techniques are used more widely in an effort to continue the recession indefinitely.

A pattern of locust infestation, upsurge, and recession can be traced back to the dawn of history. Called *Schistocerca gregaria*, the food-destroying desert locusts were recorded in the Bible as they "covered the face of the whole earth, so that the land was darkened, and they did eat every herb of the land and all the fruit of the trees. . . ."

A locust invasion of Libya in 125 B.C. resulted in the death of 800,000 people from starvation and disease. In 1931 locusts destroyed a major portion of Kenya's crops, and in 1958 a 400-

Technician operates machine at Asmara, Ethiopia, to receive weather photograph from a U.S. satellite. Satellite weather maps are helpful in forecasting the movements of desert locusts from breeding grounds.



square-mile locust swarm was measured in Ethiopia.

Last year locusts again threatened Africa, but this time were repulsed by modern insect warfare—early warning systems, spray planes, and pesticides. The success of these techniques has started a recession which could last indefinitely, and which may mark the beginning of a new era in locust control.

Previous locust plagues have lasted as long as 6 or 7 years, and control methods—such as hand baiting and spraying—have been extremely limited. In contrast, last year's locust threat was met by aircraft and pilots who were backed by a solid, multinational organization, the Desert Locust Control Organization of East Africa (DLCOEA).

From 1951 to 1964, up to 25 USDA personnel funded by the Agency for International Development were stationed in Africa and the Middle East to train nationals in modern pest-control techniques. They, together with British, French, FAO representatives, and others, assisted in the establishment of DLCOEA. Presently the organization is headed by Adefris Bellehu of Ethiopia. Other countries supporting DLCOEA are Sudan, Somali Republic, Tanzania, Uganda, Kenya, and the Territory of the Afar and Issa Peoples (formerly French Somaliland). U.S. personnel have gradually been phased out, although the United States assists with equipment and insecticides.

Today, DLCOEA employs 180 people—including entomologists, spray pilots, mechanics, and administrative personnel. It owns eight planes with spray equipment and has \$2.5 million in assets and an annual operating budget of \$1.2 million.

With over 50 nations affected to some degree by the swarming insects, locust control also has become one of the major projects of the Food and Agriculture Organization of the United Nations (FAO). Countries cooperate by reporting potentially dangerous locust populations to the FAO-supported Desert Locust Information Service in London, England. Here the reports are compiled and analyzed, and predictions of locust movement are made. This service helps affected nations gain time on getting control actions underway. Since prevailing winds often carry locusts more than 100 miles a day, locusts which hatch in India and Pakistan are capable of reaching Eastern Africa.



New Technology Locust . . .

Their progeny may cross Africa and destroy the crops of Algeria and Morocco.

Advancement in locust control techniques over the past 10 to 15 years has been striking—from bait applied by hand, to the exhaust nozzle sprayer attached to a vehicle, to aircraft applying liquid insecticide at 1 to 5 gallons per acre, and finally to a revolutionizing technique which allows aircraft to apply insecticides at a mere few ounces per acre. Although some control organizations still rely on older methods, many have adopted newer techniques.

New locust detection techniques in-



Stops Desert FOR NOW

clude increased use of meteorological data and weather satellite photographs to detect frontal systems, the use of an aircraft-mounted search and weather radar, photographic detection of isolated populations, and locating and mapping of topographic features which tend to act as locust traps.

The problem of topography is particularly exemplified in the Saudi Arabian Tihama—the plain following along the Saudi shore and along Yemen. There, a large basin is formed as the escarpment bends westward to meet the sea. Locusts moving north along the Tihama

are pushed toward the east and against the escarpment by the sea breeze. Northward movement is also blocked by the escarpment, and the locusts begin to concentrate in the basin.

Even by utilizing the newest of techniques, however, the formation of desert locust swarms cannot be expected to be eliminated completely. Very limited populations scattered over thousands of square miles can, under suitable conditions, concentrate and form swarms. Their early detection, however, coupled with timely control measures, can prevent further breeding and rapid population expansion.

Another important gain which could result from the widespread adoption of modern control techniques is the reduction and perhaps the eventual elimination of reliance on the persistent pesticides which have been used in the past.

Whether locust control organizations can continue to remain adequately staffed and sufficiently alert in the face of a possible extended lull in desert locust activity is a question of considerable concern. To attain the level of competence necessary to prevent a future plague will require a continued upgrading of technical ability and organizational management. Even now a surprising number of local control organizations throughout Africa are still using outmoded techniques.

Funds for controlling locusts are generally in short supply; therefore, maximum utilization must be made of what is available. For example, during last year's upsurge, a few gallons of insecticide applied by modern techniques at the moment of detection could have saved a sizable expenditure later on.

Today, as progress has reached beyond the point of mere containment of plagues, preventive control is the watchword in the campaign against locusts. Survey and detection should receive priority in any preventive program, with emphasis on upgrading control techniques; intensifying research on new methods of detection; maintaining a constant alert for small, isolated swarms; and placing priority on those areas (such as the Red Sea coast) where multiple breeding can enable a rapid increase.

This young adult locust is in the sixth of its seven growth stages. In early adulthood, desert locusts travel in swarms and are extremely voracious.



Far left, spray plane takes on a load of liquid insecticide before a control flight. Near left, men try to drive off locust swarm by waving cloths. Above, auxiliary locust fighters at Agordat, Ethiopia, load insecticide powder on camels for transport to local breeding grounds of locusts. (All photos courtesy of FAO.)



Romania's Agricultural Blueprint for the 1970's

By DAVID M. SCHOONOVER
Foreign Regional Analysis Division
ERS

The Romanian Government has announced a massive agricultural development program for the 1970's which, if implemented, could result in substantial increases in output of Romania's leading crops—corn, wheat, sunflowers, tomatoes, and other vegetables—and raise per capita output of meat to current West European levels.

The broad goals for agricultural development in Romania during 1971-75 were first outlined by Nicolae Ceausescu, Secretary-General of the Romanian Communist Party, in August 1969 at the 10th Party Congress. The goals include annual increases of 5 to 5.5 percent in aggregate agricultural output and an increase in overall production of 28 to 31 percent compared with the previous 5 years.

Agricultural output in Romania surged forward in the mid-1960's, with growth rates exceeding those in most neighboring countries. Productivity levels, however, remained low. Average wheat yields during 1966-68 were 26.8 bushels per acre, compared with 33.8 in the Soviet Ukraine, 35.8 in Yugoslavia, 38.8 in Hungary, and 39.3 in Bulgaria. Other crop and livestock productivity indexes also generally lagged. Milk yields per cow during 1966-67 averaged only 3,827 pounds.

Under the new plan, grain output is expected to reach 17.5 to 18.5 million metric tons by 1975 (compared with an average output of 13.3 million tons during 1966-69). Vegetable production is to total more than 4 million tons by 1975—a doubling of 1966-69 levels. The goal for mineral fertilizer output is set at 2.2 to 2.4 million tons, compared with 602,000 tons in 1968.

The planned proportion of investments allocated to agriculture under the 5-year plan is higher than any currently existent in Eastern Europe or the Soviet

Union. Agriculture's share of total investments in the economy is scheduled to increase from 15.5 percent during 1966-68 to about 22 percent during 1971-75. Total planned agricultural investments will total about 105 billion lei¹—80 billion from centralized Government investments and 25 billion from collective funds. The annual allocation will be about 21 billion, compared with 8.8 billion during 1966-68.

Specific programs for irrigation and land improvement and livestock raising will utilize two-thirds of the 80 billion lei allocated to centralized Government investments during 1971-75.

Higher production by irrigation

Under the ambitious irrigation program, long-term goals call for 12.4 to 13.6 million acres—practically all the irrigable area and roughly one-half of total arable land—to be brought under irrigation in the next 15 to 20 years. At the end of 1969 only about 6 percent of arable land was under irrigation.

The draft irrigation program released in March 1970 calls for 2.2 million irrigated acres by the end of 1970, and an additional 3.2 to 3.7 million acres by 1975. By 1980 the total irrigated area is scheduled to rise to 8.4 million acres. According to Romanian Minister of Agriculture Angelo Miculescu, yield increases per acre on newly irrigated areas should be about 48 bushels for corn, 24 bushels for wheat, and almost 90 pounds for sunflowerseed.

Livestock goals

The second major focus of the 1971-75 agricultural development program is on improvement of livestock production. As part of the program to improve incentives in this area, Government purchase prices for livestock and milk were increased on June 1, 1970—the first increase in livestock prices since 1965. Retail prices on livestock prod-

¹ At the official base exchange rate \$1.00 equals 6.0 lei; at the tourist rate, 18.0 lei.



ucts were also raised at that time.

Roughly half of the livestock in Romania are on state and collective farms; most of the remainder are owned by the individual collective farmers. The 352 state farms have developed large-scale, specialized livestock enterprises in recent years, especially for hog production. In 1969 the state farms held about 11 percent of Romania's cattle and sheep, and 26 percent of the hogs. According to Minister Miculescu, total livestock production on state farms increased 32 percent from 1966 to 1969 and became a profitable enterprise—which it apparently is not on many of the 4,673 collective farms.

Much of the large investment program for the livestock sector—20 billion lei of centralized Government investments compared with 13 billion lei total investments during the previous 7 years—will be devoted to the construction of large-scale livestock production and processing complexes.

According to the draft of the national plan for livestock production issued in March 1970, a collective farm will fatten an average of 2,000 to 3,000 pigs annually, and some farms will have a capacity of up to 30,000 head. Specialized sheep-raising farms will fatten 25,000 to 30,000 sheep annually. By 1975 specialized livestock enterprises are expected to account for two-thirds or more of pork, poultry, and egg output on collective farms and almost all production of these commodities on state farms.

According to Minister Miculescu, plans call for more than doubling livestock production in the socialized sector between 1969 and 1975. Government purchases of livestock are expected to increase as follows:



Included in Romania's agricultural development program are provisions for increased grain production for both food and feed. Specialized farms, such as the one below, will concentrate on livestock production.

Year	Meat ¹ 1,000 tons metric	Milk 1,000 metric tons	Eggs Million
1969	839	1,451	856
1970 ²	970	1,691	1,088
1975 ²	1,640	3,135	2,050
1980 ²	2,203	3,838	2,525

¹ Liveweight. ² Planned.

Between 1970 and 1980 the draft plan calls for a 43 percent increase in cattle numbers; 70 percent increase in hogs; 12 percent in sheep; and 63 percent in poultry. Ceausescu indicated the following targets at a plenum of the Romanian Communist Party Central Committee in March 1970.

Cattle head were to go from 5 million head in 1970 (Jan.) to 6.6 million in 1975 and 7.2 million in 1980. Over the same period hog numbers were to increase from 6 million head to 9.5 million to 10.5-11 million.

The draft livestock program also offers some encouragement to private owners. Feed concentrates will be provided to those individuals who contract with the Government for sales of pork and, in the mountainous areas, milk. Private holders of dairy cows will receive tax cuts and breeding services.

The amount of grain available for feed during the latter half of the 1960's is estimated to have been nearly double that fed during the first half. Attainment of feed production goals for 1975 could almost double quantities now available for feed—assuming continuation of recent export levels. Soybean production is expanding—output in 1969 is estimated at 51,000 tons and the goal for 1975 is five times the planned level for 1970. The area of alfalfa and clover is also expanding and

is scheduled to continue to increase. By 1975 mixed feed production is expected to triple and mixed feeds are expected to constitute about two-thirds to three-fourths of concentrates fed on collective and state farms.

Preparations for the agricultural development program have included the adoption during the past year of a series of reforms related to agricultural planning, organization, and management. The reforms, which primarily involve Romania's agricultural producer cooperatives, are being conducted as part of a general readjustment of the economic management system which was adopted in principle at the end of 1967 and introduced in steps during subsequent years. The reforms include:

- Expanded rights of farms in planning production.
- Transfer of many farm management activities to internal farm units
- Introduction of a system of fixed-wage scales for work performed or results achieved, with bonuses for above-plan performance.
- Assignment of a permanent mechanized section to each collective as opposed to separate administration of collective mechanized operations.
- An expanded role for the Agricultural Bank in extending credits for farm investments and operations, with concurrent increased control over farm management.

Most of the agricultural reforms announced so far have dealt with the production aspects of farming; the marketing sector has remained almost untouched. Monopoly buying powers of Government organizations and fixed, centralized prices still prevail. However, the reforms are expected to alleviate problems of overcentralization.



Three Little Pigs Go International

Transatlantic Birth Of Livestock May Spur New Industry

"The Three Little Pigs" with a modern twist was recently staged by scientists in Canada and England and marked the beginning of what some believe could grow into a large and important international industry. As a result of a transatlantic transfer of fertilized eggs, three little pigs were born in England while their mother stayed home (in Canada). Although fertilized pig eggs have been transferred from one female to another before, this shift covered more than 3,250 miles.

The piglets got their start in life on March 16, 1970, when three donor pigs were bred at the Canada Department of Agriculture's Animal Diseases Research Institute at Hull, Quebec. On March 19, 34 fertilized eggs were removed in a delicate operation, placed in a sterile tissue culture medium containing antibiotics, then inserted in lengths of transparent silicone rubber tubing. The eggs were then jetted to England and transferred to a foster mother at the Central Veterinary Laboratory run by the British Ministry of Agriculture at Weybridge.

Three weeks later the British team confirmed that the sow was pregnant. On July 13, 115 days after the eggs were transferred she gave birth to three piglets, one male and two females. This low rate of success (there were 34 fertilized eggs) is attributed to death of some of the eggs in transit.

This was the second attempt at a Canada-to-England transfer; the first was unsuccessful as was an England-to-Japan attempt. Although this pilot project was conducted with pigs, according to Dr. Douglas Mitchell, a member of the Canadian surgical team, the ultimate objective of the research is to achieve successful intercontinental transfer of cattle eggs.

Successful transfers in both pigs and cattle have been conducted at several research centers around the world, in-

cluding one, also involving a single sow, from the University of Illinois to MacDonald College in Quebec.

The most likely practical application of the technique would be the transfer of fertilized eggs from European beef breeds to North American animals. Canadian farmers are currently paying thousands of dollars for live animals in Europe, then waiting for almost a year to bring them through the strict quarantine necessary to prevent the spread of disease to Canada. The veterinarians in England claim that fertilized eggs could be transferred at much lower costs, and researchers on both sides of the Atlantic say that the use of egg transfer as opposed to the importation of live animals would undoubtedly reduce the risk of exotic diseases.

However, the Canadian Department of Agriculture states that the real advantage of this technique lies in the opportunity of obtaining from genetically superior stock a much larger number of progeny than would be the case where a normal gestation period occurred. For example, a cow's ovaries have the potential to produce 50,000 to 100,000 eggs. Sows may produce up to 1,250,000 eggs. Scientists do not know, however, if all of the eggs are capable of maturing to the point where they can be fertilized to produce offspring. The nurse animals or recipients of fertilized eggs could be any scrub stock because their genetic status would not affect the genetic makeup of the offspring.

—Based on dispatch from
EUGENE T. OLSON
U.S. Agricultural Attaché, Ottawa



U.S. Brahman Flow

A record air shipment of 74 registered Brahman bulls left Houston October 10 for the Malagasy Republic, off the coast of East Africa. The cattle were sold by a Texas rancher to the Malagasy Government, which is initiating a 40,000-acre cattle development project in the island republic.

The 12,000-mile flight was the largest single air shipment of breeding age beef cattle and the longest flight of livestock ever made from the United States, according to American Brahman Breeders Association Executive Secre-

Prospects for Direct Importation Of Cattle Semen From Switzerland

A project to import semen from Simmenthal bulls directly from Switzerland to the United States is now underway. Until recently, U.S. regulations did not allow for direct import of either semen or cattle from countries not recognized as free from foot-and-mouth disease.

Therefore, a complicated setup was developed under which bulls and heifers were imported into Canada, and from there progeny and semen legally entered the United States. This rather involved and expensive procedure didn't satisfy either U.S. breeders or Swiss exporters,

and both preferred to deal directly.

USDA, working with its regulatory and research scientists, amended its regulations in 1965 to permit the importation of bull semen from countries having foot-and-mouth disease, provided that the bull and semen collection were handled in a manner which would insure the absolute absence of any pathogenic germs.

Following an exchange of visits between Swiss Cattle Breeder's Federation, the American Simmenthal Association, and U.S. health officials, USDA agreed to a system to satisfy all concerned. Such a semen collection system would involve very stringent testing and quarantine of the bulls under the supervision of a U.S. veterinarian. Switzerland could easily meet the requirement by setting up an export station similar to the modern and hygienically operated artificial insemination stations used for domestic needs.

The remaining problem lies in the commercial area. The Commission of Swiss Cattle Breeders' Federation needs a guaranteed annual outlet for about 100,000 doses of semen, for at least 5 years. On the other hand the Commission has to meet U.S. health requirements as cheaply as possible, but even then the investment will be high.

The Simmenthal is a large rugged mountain cattle breed which is utilized in Switzerland as a dual purpose milk and meat animal. The extreme Swiss topographic and climatic conditions resulted in a severe natural selection of this breed. However, the blood lines and natural characteristics of the Simmenthal have been kept relatively pure.

Their strong characteristics include fast growth and good milking performance. These features appeal to U.S. cattlemen who consider the Simmenthal as a good breed to combine with their traditional beef breeds such as Hereford and Angus.

It is expected that a cross with Simmenthals could improve growth and slaughter weight of these animals as well as produce leaner carcasses and increased milk production.

Based on dispatch from

ALAN W. TRICK

U.S. Agricultural Attaché, Bern

Tips on Air Shipment Of Livestock Exports

A compilation of information on exporting livestock by air is now available from USDA's Agricultural Research Service.

With more and more interest being shown in export by air, numerous questions have arisen concerning procedures and regulations regarding overseas shipment of livestock. Such information as specialized requirements associated with this method of transport, international airline rate structure, types of containers and other needs is covered in the report.

Single copies of the 21-page publication, ARS 52-38, "Transporting Livestock Overseas by Air," are available without charge from the Transportation and Facilities Research Division, ARS, USDA, Federal Center Building, Hyattsville, Md. 20782.

Canada Predicts Record 1970-71 Grain Exports

The volume of Canada's grain exports should reach 700 million bushels in 1970-71 according to a recent forecast by Otto E. Lang, Minister Responsible for the Canadian Wheat Board. This would surpass the previous record of 685 million bushels exported during the 1963-64 crop year and be considerably above the 474 million bushels exported in 1969-70.

Demand for feed barley has been particularly strong, and the Canadian Wheat Board has made export commitments in excess of the previous export record of 122 million bushels. Forward wheat sales for shipment during the 1970-71 crop year are also at high levels for this time of year.

Minister Lang's office explained that the recent heavy demand for Canadian grain is due primarily to lower production in Australia, Argentina, and Western Europe and to the blight damage to the U.S. corn crop.

One problem area the Minister cited was sharply reduced country elevator stocks of the required grains—barley, durum wheat, oats, and the lower grades of hard wheat—resulting from producers deliveries not keeping pace with shipments to terminals. Minister Lang stated that the situation is most critical for barley and urged producers to take advantage of the delivery quota.



Brahmans jet to the Malagasy Republic.

to African Republic

tary Harry Gayden. It was also the first U.S. sale of Brahmans to the Malagasy Republic since a 1955 sale of 94 registered animals.

The bulls are 2 years of age or older and will be used in an extensive upgrading program. The Malagasy Government expects to make additional purchases of Brahman bulls and breeding heifers for the project under a long-term buying program.

Financing for the purchase was arranged through the World Bank, also cooperating in the development project.



Sergei Shevchenko (second from left), leader of the Soviet delegation, gives report on the Soviet cotton situation at the ICAC Conference.

ICAC Conference Confronts World Cotton Problems

Opportunities and problems facing cotton-producing countries the world over were spotlighted at the 29th Annual Plenary Meeting of the International Cotton Advisory Committee (ICAC), held October 12-21 at the Department of State in Washington, D.C.

The annual meetings of the ICAC—an international organization of 44 countries engaged in the production, export, import, or consumption of cotton—provide a forum for international consultation and promote cooperation in the solution of cotton problems, particularly those of international scope and significance.

This year some 250 delegates, advisers, and observers discussed, among other things, ways to brighten the world cotton picture which is clouded by sharply reduced cotton yields, prospects of a decreased carryover at the end of the present season, and continued intense competition with manmade and other natural fibers.

At the opening session of the Conference, Secretary of Agriculture Clifford M. Hardin emphasized the importance of research and promotion to cotton's future, and challenged cotton-producing countries to shift their thinking from gross production to efficient low cost production.

"No matter how important cotton may be to a national economy," Secre-

tary Hardin said, "the basic planners must think first not of how to grow more cotton, but rather how to grow and market cotton more efficiently and sell it in competition with other fibers."

Kenneth E. Frick (Administrator, Agricultural Stabilization and Conservation Service, USDA), who was re-elected Chairman of the Standing Committee, reported that in 1969-70, cotton consumption exceeded production by 1.6 million bales, thereby reducing world stocks at the close of the year to 21.3 million bales. This downtrend may result in shortages of certain desired grades and staples.

Cotton producers, Mr. Frick said, "should strive to make available to the textile industry sufficient supplies of all grades and staples in demand, at reasonable prices, in order to insure long-term markets. At the same time, we should never revert to the earlier situation of oversupply and burdensome stocks."

Cotton is vital to the economy of many of the producing countries represented at the Conference, and accounts for an important share of their foreign exchange earnings. Delegates referred frequently to difficulties producers encounter in their efforts to maintain and improve farm income. As a result some producers have switched to competing crops. Input costs have been increasing without a corresponding rise in prices paid to growers. There is a pressing need to continue efforts to improve technology and thus reduce unit costs of production.

J. C. Santley, Executive Director of the Committee, in his report, termed market promotion and research the key elements in any solution to the cotton problem. He emphasized the need for more funds for international promotion and research. Mr. Santley also stressed the importance of expanded cotton production research on a country-by-country basis. He said that extension services are needed and that it is "vitally important to find out whether research is actually getting through to the farm level and, if so, whether optimum use is being made of the information."

M. Elton Thigpen of the Committee Secretariat said that recent developments indicate world cotton production will make a significant recovery during the current season, and that prospects for supply and demand indicate continued firmness of cotton prices for at least the next several months.

Codex Group Studies Pesticide Tolerances

Some 268 pesticide residue tolerances proposed for adoption as international standards were reviewed at the fifth meeting of the Codex Committee on Pesticide Residues, held at The Hague, the Netherlands, beginning in late September.

Final review was given 46 tolerances, which are being forwarded to member governments for acceptance as international standards. Other pesticide residue tolerances have already been submitted to governments for adoption.

Regulations on tolerances for pesticide residues presently vary from country to country.

Delegates from 28 member countries and several international organizations attended the meeting. Representing the United States were scientists of the Department of Health, Education, and Welfare and Agriculture.

This committee is under the Codex Alimentarius Commission, a United Nations-sponsored body which establishes food standards for adoption by individual governments.

Mustardseed Buyers Face Smaller Canadian Crop

The United States, the European Community, and Japan, will—if they follow the patterns of previous years—purchase nearly all of Canada's reduced 1970 mustardseed crop. In the past, this country took about one-half of Canada's mustardseed production while the EC and Japan between them took another 47 percent. Mustardseed is an important Canadian cash crop grown mainly on contract.

Forecasts are that exports, acreage, and prices will all be down this year. Exports are expected to drop about 10 percent from the 157 million pounds traded in the 1968-69 crop year. Selling prices in 1970 will probably be between 3.5 and 4 cents per pound, slightly less than last year's prices. This year's area of 210,000 acres continues a downward trend in mustardseed acreage, which started in 1969 when acreage was only half the 533,000 in 1968.

(By contrast, acreage of rapeseed rose from 1 million in 1968 to double that area in 1969. Prices of rapeseed in the same period ranged from 4.4 cents per pound to 5.3 cents per pound.)

The three major mustardseed produc-

EC Cuts Duties on Coffee, Cocoa, Palm Oil

Despite complaints by the African Associated States and the Malagasy Republic (AASM), the European Community has announced that it will make its planned duty cuts (most-favored nation) on green coffee, cocoa, and palm oil. Duties on coffee will be reduced from 9.6 percent to 7 percent, cocoa from 5.4 to 4 percent, and palm oil from 9 to 6 percent.

These reductions will take effect when the second Yaounde Agreement does, probably early next year. The Yaounde Agreement, in its present terms and as it has been renegotiated, provides that imports of these commodities, among others, into the Community from the AASM countries will be free of duty, and the AASM countries resent the diminution of their preference.

In 1969, EC imports of palm oil were valued at \$47 million, including \$24 million from the AASM countries, primarily the Congo Republic (Kinshasa). Indonesia and Malaysia supplied the remainder.

ing Provinces are Saskatchewan, Manitoba, and Alberta. For years Alberta was the only major producer of mustardseed, but now Saskatchewan has taken the lead with more than half of the Canadian total. Estimated acreage in 1970 is divided as follows: Saskatchewan, 155,000 acres, down about 14 percent from last year, Manitoba, 30,000 acres, about 19 percent less than last year, and Alberta, with a nearly 50-percent reduction in area to 25,000 acres.

Three varieties of mustardseed make up the Canadian crop, 90 to 95 percent of which is grown under contract: these are brown, oriental, and yellow. Brown and oriental mustardseed are normally used for the milder mustard preparations, yellow for the hotter.

North American mustard manufacturers use a mixture of both yellow and brown mustardseeds. Oriental mustardseeds are widely ground in mustard flour which is used in some dry ground spices or seasoning mixtures and to a minor degree in medicinal products.

Mustardseed may also be crushed for an edible oil with oriental mustardseed being preferred because of its higher oil

Yugoslavia To Up Grain Imports After Bad Year

Adverse soil and weather conditions during 1969 and 1970 have resulted in dramatic decreases in preliminary estimates of Yugoslavia's wheat and corn crops. Smaller declines are anticipated in production of rye, oats, and barley. Only rice production is expected to move up slightly. As a result, imports of wheat and barley will need to be stepped up substantially, and rice somewhat. Most of the barley will come from the United States.

Preliminary estimates indicate a drop in production of 1 million tons of wheat and 820,000 tons of corn. Winter wheat plantings were reduced because of dry weather. The spring crop was damaged by excessive rains resulting in flooding in some areas. The floods occurred during the March-June period and heavy rains in July. Nearly 50,000 acres of farm land were completely lost for 1970 planting because they were under water. Excessive moisture resulted in a total decrease of wheat and corn plantings by over 700,000 acres. The production picture was further clouded by corn and wheat yields, both of which were lower than last year's.

Yugoslavia will import a total of about 110,000 tons of barley from the United States under CCC credit. About 83,000 tons have been shipped and the balance is expected to move before the end of 1970. An additional 10,000 tons were imported from other countries during the 1969-70 marketing year.

Wheat is the only other grain which will be imported by Yugoslavia on a major scale with requirements estimated at around 700,000 tons during the 1969-70 marketing year. Only 5,000 tons of special wheat varieties intended for seed were imported during the 1969-70 marketing year. Import needs may vary depending on the final outturn of the 1970 Yugoslav wheat harvest. If carryover stocks result in about 478,000 tons on June 30, 1971, this would be only about 1 month's supply.

yield. (None is crushed in Canada.)

Yellow mustardseed is favored by Manitoba growers and brown mustard by Saskatchewan farmers. Alberta farmers produce all three varieties in about equal amounts.

CROPS AND MARKETS SHORTS

Fruits, Nuts, and Vegetables

South African Canned Fruit Pack Down

Drought and wind damage reduced the 1970 South African pack of canned deciduous fruit. Production is reported at 7,531,000 cases (each containing 24 cans, size 2½), 14 percent below the 1969 record, but above average. Packs of all items except fruit cocktail are reported lower. Canned peach production totaled 4,709,000 cases, 4 percent below last year but above average. Production of pears was 1,292,000 cases, and that of fruit cocktail, 959,000. Good early rains have broken the drought in some areas, and prospects are for a larger 1971 pack of deciduous fruit.

Current season exports are expected to fall below 1969's. Peach exports are forecast at 4,100,000 cases, 2 percent below the 4,202,000 recorded in 1969. Exports of pears are forecast at 980,000 cases, 19 percent below the 1969 record of 1,204,000. The United Kingdom is the largest user of South African canned fruit. The European Community and Canada are also important canned peach markets for South Africa's production.

SOUTH AFRICAN CANNED FRUIT PRODUCTION

Item	1967	1968	1969	1970
	1,000 cases ¹	1,000 cases ¹	1,000 cases ¹	1,000 cases ¹
Peaches	4,918	4,541	4,927	4,709
Pears	1,131	1,302	1,547	1,292
Fruit cocktail	471	764	923	959
Apricots	723	591	669	352
Fruit salad	267	249	196	132
Apples	67	213	140	63
Other	45	314	385	24
Total	7,622	7,974	8,787	7,531

¹ Case contains 24 cans, size 2½.

Spanish Canned Deciduous Fruit Pack

Despite spring frost damage, Spanish production of canned deciduous fruit is expected to approximate last season's. The 1970 pack is estimated at 3,600,000 cases (case contains 24 cans, size 2½), compared with 3,638,000 in 1969. A near-record canned apricot pack of 1,500,000 cases is reported, 10 percent above last year's. Canned peach production is estimated at 1,200,000 cases, 15 percent below 1969 production and below the yearly 1964-68 average.

Current-season exports are not expected to exceed those of the 1969-70 season, which were reportedly below those of

1968-69. Peach exports are estimated at 147,000 cases, down sharply from the 1968-69 figure. The United Kingdom is the largest foreign buyer of Spanish canned fruit.

SPANISH PRODUCTION OF CANNED DECIDUOUS FRUIT¹

Item	1967	1968	1969 ²	1970 ³
	1,000 cases ⁴	1,000 cases ⁴	1,000 cases ⁴	1,000 cases ⁴
Apricots	1,666	1,323	1,358	1,500
Peaches	1,294	1,371	1,407	1,200
Other fruits	392	922	873	900
Total	3,352	3,616	3,638	3,600

¹ Canned fruits in sirup. ² Revised. ³ Estimated. ⁴ Case contains 24 cans, size 2½.

West German Canned Pear Tender

West Germany has announced a tender allowing imports of canned pears in containers of less than 4.5 kilograms (approximately 9.92 lb.).

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than March 30, 1971. Licenses issued will be valid until March 31, 1971. Products containing added sugar are subject to the respective European Community regulations.

Grains, Feeds, Pulses, and Seeds

Canada Doubles Barley Quota

Canada has announced an increase in the barley delivery quota to 10 bushels, per quota acre, up from 5 bushels. Purpose of the raise is the encouragement of larger deliveries to meet export commitments.

The Wheat Board pointed out that the current shipping program calls for the biggest grain movement in Canada's history, but farmer deliveries of some grains have not kept pace with shipments from country elevators. Country elevator stocks, particularly of barley and oats, have fallen off sharply in recent weeks.

There are already indications that Canada's export sales for the year beginning August 1 will exceed last year's 122-million-bushel record.

The quota position for grains now stands as follows (bushels per quota acre): Barley, 10; oats, 5; wheat, No. 4 northern or lower, an advance quota of 2 and durum wheat, an advance quota of 3.

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Oct. 28	Change from previous week	A year ago
	<i>Dol. per bu.</i>	<i>Cents per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 2 Manitoba	2.15	+1	1.94
USSR SKS-14	(¹)	(¹)	1.77
Australian Prime Hard	(¹)	(¹)	1.85
U.S. No. 2 Dark Northern Spring:			
14 percent	2.09	+2	1.86
15 percent	2.14	+4	1.91
U.S. No. 2 Hard Winter:			
13.5 percent	1.97	0	1.78
Argentine	(¹)	(¹)	(¹)
U.S. No. 2 Soft Red Winter ...	1.90	+2	1.52
Feedgrains:			
U.S. No. 3 Yellow corn	1.77	+2	1.45
Argentine Plate corn	1.91	-1	1.78
U.S. No. 2 sorghum	1.69	+1	1.44
Argentine-Granifero	1.70	0	1.48
Soybeans:			
U.S. No. 2 Yellow	3.40	+10	2.73

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Fats, Oils, and Oilseeds

Indian Cashew Crop Damaged by Rain

Early monsoons damaged India's 1970 cashew crop and hampered harvesting. Estimates now place the 1970 harvest at 90,000 short tons (raw nut basis), 10 percent below last season's level and 14 percent under preharvest estimates.

During calendar 1969, India imported 210,302 tons of raw nuts, approximately 14,000 tons less than in the previous year. Imports are expected to drop again in 1970, totaling only 200,000 tons. Africa's smaller 1970 crop and growing cashew-processing industry have contributed to the decline.

In July 1970, the Indian Government decided to canalize imports of raw cashews through the State Trading Corporation of India. At present, the full effect of this decision is unknown; the trade hopes it will not disrupt marketing.

Kernel exports totaled 69,091 tons in 1969, 3.4 percent above 1968's record shipments. The USSR was the leading export market for Indian cashew kernels in 1969, replacing the United States. The United States is expected to regain its former position as the No. 1 market in 1970.

Export prices have risen steadily since the beginning of the 1970 marketing season. A small part of this rise is due to a lull in imports caused by a dispute on quality tolerances between African shippers and Indian importers. Pressure on prices has been increased further by the smaller African crop. In September 1970, the Angoche variety of African nuts sold for \$245 per ton (raw nut basis), compared with \$204 a year earlier. Indian kernels (320 count, 25-lb. tins) sold for 76 cents per pounds, compared with 67 cents in September 1969.

INDIA'S CASHEW SUPPLY AND DISTRIBUTION¹

Item	1967	1968	1969	1970 ²
	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>
Beginning stocks (Jan. 1) ...	10.0	2.0	17.0	8.0
Production	100.0	100.0	100.0	90.0
Imports	158.4	224.3	210.3	200.0
Total supply	268.4	326.3	327.3	298.0
Exports	246.1	284.7	294.5	260.0
Domestic disappearance	20.3	24.6	24.8	24.0
Ending stocks (Dec. 31)	2.0	17.0	8.0	14.0
Total distribution	268.4	326.3	327.3	298.0

¹ Raw nut basis. ² Preliminary.

CASHEW PRICES¹

Item	1967	1968	1969	1970
	<i>Dol. per short ton</i>	<i>Dol. per short ton</i>	<i>Dol. per short ton</i>	<i>Dol. per short ton</i>
African raw nuts:				
January	179	186	210	204
February	178	206	202	208
March	159	203	198	211
April	175	201	207	211
May	178	200	198	230
June	189	194	209	231
July	187	195	207	241
August	177	201	202	245
September	175	195	204	245
October	175	195	204	—
November	175	197	202	—
December	173	208	202	—
	<i>Cents per pound</i>	<i>Cents per pound</i>	<i>Cents per pound</i>	<i>Cents per pound</i>
Indian kernels: ²				
January	59.0	65.0	67.5	72.0
February	56.5	73.0	68.0	71.0
March	55.0	70.5	67.0	71.5
April	55.0	69.5	66.0	71.0
May	57.5	71.0	64.0	73.0
June	61.0	70.5	63.0	74.0
July	65.0	69.5	66.0	75.0
August	62.0	70.0	67.0	76.0
September	63.0	70.0	67.0	76.0
October	65.0	70.0	69.0	—
November	63.0	68.0	71.0	—
December	66.0	69.0	71.0	—

¹ As of the first of the month. ² Angochees, c.i.f. Cochin (converted at 1 rupee = 13.33 U.S. cents). ³ 320 count in 25-pound tins, c&f New York.

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Foreign Agriculture

U.S. Farm Exports Set Record In First Quarter

(Continued from page 3)

U.S. AGRICULTURAL EXPORTS, VALUE BY COMMODITY

Commodity	July-September		Change from previous period
	1969	1970 ¹	
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Percent</i>
Animals and animal products:			
Dairy products	24	38	+58
Fats, oils, and greases	42	58	+38
Hides and skins	39	32	-18
Meats and meat products	34	33	-3
Poultry products	15	15	—
Other	22	23	+4
Total	176	199	+13
Grains and preparations:			
Feedgrains, excluding prod- ucts	278	295	+6
Rice, milled	78	63	-19
Wheat and flour	202	258	+28
Other	20	26	+30
Total	578	642	+11
Oilseeds and products:			
Cottonseed and soybean oils	27	66	+144
Soybeans	118	235	+99
Protein meal	61	90	+48
Other	17	20	+18
Total	223	411	+84
Other products and preparations:			
Cotton, excluding linters	70	46	-34
Tobacco, unmanufactured ...	134	107	-20
Fruits and preparations	101	99	-2
Vegetables and preparations	38	42	+11
Other	90	102	+13
Total	433	396	-10
Total exports	1,410	1,643	+17

¹ September estimate.

—primarily under Government programs—showed a substantial increase, but exports of hides and skins, and meats were below those of a year earlier.

Fruit and vegetable exports advanced 6 percent to \$141 million from \$139 million a year earlier. Exports gained for fresh, dried, and juice items. Exports of dried beans and peas and fresh vegetables increased.

Cotton exports in July-September were 359,000 bales, down one-third from the 566,000 bales a year earlier. With increased production in the past season, U.S. cotton exports are expected to exceed the 2.9 million bales exported in 1969-70. However, continued small stocks of U.S. cotton, large world production, and increased use of manmade fibers will limit the growth in U.S. cotton exports. In July-September, most of the cotton was shipped to the Far East.

Tobacco exports in July-September totaled 111 million pounds, 20 percent below the comparable period in 1969. Most of the decline occurred in flue-cured tobacco. However, the average unit value was 97 cents per pound this year, compared with 92 cents last year. Higher quality crops in both 1969 and 1970 and a large proportion of higher-priced stemmed tobacco accounted for the gain in unit value. Increased foreign competition, higher U.S. tobacco prices, reduction in stocks in the main importing countries, and increased use of filter tips in cigarette production are contributing to low U.S. tobacco exports during the current year.

Agricultural exports to Japan—the top overseas market—advanced 23 percent in July-September 1970 to \$291 million. The European Community increased its purchases of U.S. farm products by 27 percent to \$358 million. Most of the gain to the EC was in the nonvariable levy commodities, primarily soybeans. Smaller tobacco sales to the United Kingdom reduced the total to that country to \$80 million.